

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Global Reseller Expedited Package Contracts 2  
(MC2014-51)  
Negotiated Service Agreement

Docket No. CP2014-51

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE OF FILING A FUNCTIONALLY EQUIVALENT GLOBAL  
RESELLER EXPEDITED PACKAGE 2 NEGOTIATED SERVICE AGREEMENT

(June 2, 2014)

The Public Representative hereby provides comments pursuant to Order No. 2082.<sup>1</sup> In that Order, the Commission established Docket No. CP2014-51 to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Request to add Global Reseller Expedited Package Contracts 2 (GREP 2).<sup>2</sup>

It appears to the Public Representative that this GREP 2 contract will cover its attributable costs and make a positive contribution to the Postal Service's institutional costs.

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<sup>1</sup> Notice and Order Concerning Additional Global Reseller Expedited Package Contracts 2 Negotiated Service Agreement, May 27, 2014 (Order No. 2082).

<sup>2</sup> Notice of United States Postal Service of Filing A Functionally Equivalent Global Reseller Expedited Package 2 Negotiated Service Agreement, May 24, 2014 (Request).

## BACKGROUND

This GREP 2 contract is intended to replace an existing customer's Global Expedited Package Service – Non-Published Rates 4 (GEPS-NPR 4)<sup>3</sup> agreement. Request at 1.

Customers for GREP 2 contracts are resellers that market Priority Mail Express International (PMEI), Priority Mail International (PMI) and/or First-Class Package International Service (FCPIS) at discounted prices to their customers, especially small- or medium-sized businesses. *Id.* at 4. The Postal Service submits that the documents filed in this docket are functionally equivalent to the applicable baseline agreement, Docket Nos. MC2013-51 and CP2013-64. *Id.* at 2. The Postal Service filed the contract and supporting documents establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. §3015-5 under seal. In addition, redacted copies of the contract, the applicable Governors' Decision, supporting documentation and a certified statement required by 39 C.F.R. § 3015.5(c)(2) have been filed publically. *Id.*

The Postal Service explains that the contract that is the subject of this docket will remain in effect for one calendar year from the Effective Date unless terminated earlier by either party. *Id.*, Attachment 1 at 6. In addition, the contract allows a rate increase if the costs, of providing the associated service, exceed a specified threshold. *Id.* at 5.

## COMMENTS

The Postal Service made a number of changes between this contract and the agreement submitted in Docket Nos. MC2013-51 and CP2013-64. However, the Postal Service does not believe the changes affect either the fundamental service the Postal Service is offering or the fundamental structure of the contract. Request at 5 through 7. The Public Representative concurs.

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<sup>3</sup> The Postal Service intends to file a modification to terminate the customer's existing GEPS-NPR 4 agreement the day prior to the effective date of the contract in Docket No. CP2014-51. Request, footnote 2.

*Requirements of 39 U.S.C. § 3633.* Pursuant to section 3633(a), prices for competitive products must cover each product's attributable costs, not result in subsidization of competitive products by market dominant products, and ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. The Postal Service's filing appears to satisfy the requirements of 39 U.S.C. § 3633.

*Requirements of 39 C.F.R. § 3015.5.* The Postal Service asserts that the instant contract satisfies the requirements of 39 C.F.R. § 3015.5, which includes: giving the Commission at least 15 days' notice before the effective date of the change, providing an explanation and justification for the change, and filing revenue and cost data for the 12-month period following the effective date, to ensure that the product is in compliance with 39 U.S.C. § 3633(a)(2). In addition, section 3015.5 requires a certified statement by a Postal Service representative attesting to the accuracy of the data. The Postal Service's filing appears to satisfy the requirements of 39 C.F.R. § 3015.5.

*Conclusion.* After reviewing all materials the Postal Service submitted in this docket to include documents filed under seal, it appears that the proposed GREP 2 contract will cover its attributable costs and make a positive contribution of at least 5.5 percent towards the Postal Service's institutional costs.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

/s/  
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